

Message Text

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46

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 /018 W

----- 013234

R 110933Z JUL 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 9010

INFO AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: CHEMTEX/DUPONT PROPOSAL FOR POLYESTER PLANT

REF: A) KARACHI 1368; B) ISLAMABAD 6129

1. ON JULY 10 CONGEN RECEIVED COMMERCIAL TELEGRAM FROM CHEMTEX SENIOR NEGOTIATOR EDWARD EMERSON IN NEW YORK STATING JULY 7 NEGOTIATIONS IN ISLAMABAD, WHICH HAD PREVIOUSLY BEEN BELIEVED TO BE FINAL BEFORE SIGNATURE OF LETTER OF INTENT, HAD PROVED "INCONCLUSIVE." EMERSON HAS FLOWN BACK DIRECTLY TO NEW YORK RATHER THAN RETURNING TO KARACHI AS HE HAD ORIGINALLY PLANNED. IN HIS TELEGRAM EMERSON STATED "SERIOUS PRICE PROBLEMS STILL EXIST VIS-A-VIS TORAY."

2. DURING TELCON JULY 11, DPO WAS INFORMED BY FCCC CHAIRMAN MAHMOOD AHMED THAT HIS ORGANIZATION AND BIM STILL DEFINITELY WISHED TO CONCLUDE CONTRACT WITH CHEMTEX/DUPONT BUT THAT GOP HAD DECIDED THAT NO MORE THAN \$4 MILLION "SPREAD" COULD BE ALLOWED BETWEEN LOWEST CREDIBLE COMPETING BIDDER (PRESUMABLY TORAY) AND CHEMTEX/DUPONT AS A PREMIUM FOR CHEMTEX/DUPONT NAME, KNOW-HOW AND PROCESSES. MAHMOOD AHMED HOPED CHEMTEX/DUPONT WOULD BE ABLE MAKE REVISED BID WHICH MET THIS REQUIREMENT.

3. COMMENT: SEEMS CLEAR EMERSON HAS FLOWN BACK TO NEW YORK FOR LAST MINUTE INTENSE DISCUSSIONS WITH SENIOR CHEMTEX/DUPONT MANAGEMENT TO DETERMINE WHETHER THEIR BID, WHICH ALREADY REDUCED, CAN BE SHAVED ANY FURTHER WITHOUT MAKING WHOLE PROJECT

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UNATTRACTIVE TO U.S. PARTICIPANTS.

4. CHEMTEX EXEC FRANK TONNIES WILL BE ARRIVING KARACHI MONDAY,

JULY 14 AND EMERSON WILL RETURN SHORTLY THEREAFTER. THEIR PLANS FOR RETURN HERE LEAD US TO BELIEVE THAT CHEMTEX STAFF, WHICH INCLUDE ASTUTE NEGOTIATORS, MAY DEVELOP OFFER WHICH MEETS APPARENTLY INCREASINGLY RIGOROUS PRICE REQUIREMENTS OF MINISTRY OF INDUSTRIES, WITH WHICH LAST NEGOTIATIONS WERE HELD IN ISLAMABAD JULY 7.

5. WE WILL BE ABLE TO GIVE BETTER REPORT ON STATE OF PLAY FOLLOWING TONNIES' RETURN HERE JULY 14.
TIGER

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Margaret P. Grafeld
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